

MONTANA

Department of Commerce

MONTANA BOARD OF HOUSING

P.O. Box 200528 ★ Helena, Montana 59620-0528 ★ www.housing.mt.gov
Phone: 406-841-2840 ★ 1-800-761-6264 ★ Fax: 406-841-2841 ★ TDD: 406-841-2702

MONTANA BOARD OF HOUSING

Montana Board of Housing
301 S. Park Avenue – Room 228, Helena MT 59620
August 11, 2008

ROLL CALL OF BOARD

MEMBERS:

J.P. Crowley, Chairman (Present)
Betsy Scanlin, Vice Chairman (Present)
Susan Moyer, Secretary (Excused)
Audrey Black Eagle (Excused)
Bob Gauthier (Present)
Jeanette McKee (Present)
Jeff Rupp (Present)

STAFF:

Bruce Brensdal, Executive Director
Mat Rude, Multifamily Program Manager
Nancy Leifer, Homeownership Program Manager
Chuck Nemec, Accounting
Vicki Bauer, Accounting
Penny Cope, Marketing & Web Specialist
Mary Bair, Multifamily Program
Charlie Brown, Homeownership Program
Paula Loving, Administrative Assistant

COUNSEL:

Pat Melby, Luxan and Murfitt
Pam Bucy, Luxan and Murfitt

UNDERWRITERS:

Gordon Hoven, Piper Jaffray

OTHERS:

Jeff Miller, Rocky Mountain Development Council
Maureen Rude, NeighborWorks
Sharla Kerbs, Bank of the Rockies
Kermit Mueller, American Building Co
Barbie Durham, Madison County
Bill Slaton
Gene Leuewer, Rocky Mountain Development Council
Beth Sivilie, G K Baum & Co.
Jim Stretz, G K Baum & Co.
Peter Nolden, RBC (conf call)
Mina Choo, RBC (conf call)
Lorry Palacios, RBC (conf call)
David Grad, RBC (conf call)

CALL MEETING TO ORDER

Chairman, J. P. Crowley, called the meeting to order at 8:45 a.m. He asked the Montana Board of Housing (MBOH) Board, staff, and guests to introduce themselves.

APPROVAL OF MINUTES

Jeff Rupp moved to approve the July 11, 2008 Board meeting and the July 30, 2008 Board teleconference minutes. Bob Gauthier seconded the motion. The Chairman asked for comments. Betsy Scanlin asked for clarification of location of the Board meeting and the homeWORD project within paragraph three to be noted. The motion passed unanimously.

MULTIFAMILY PROGRAM

Mat Rude provided an update on two Conduit Bond projects in Great Falls, Vista Villa and Parkview Apartments. He requested preliminary approval from the Board to move forward with the scheduling of a TEFRA Hearing. A preliminary bond resolution approval will be brought forth at the September 2008 Board meeting. Bob Gauthier moved for the preliminary approval for TEFRA hearing for the Vista Villa and Parkview Apartments Conduit Bond projects in Great Falls. Jeanette seconded the motion. The Chairman asked for comments. The motion passed with Jeff Rupp opposing the motion due to lack of information.

Mat gave an update on the Tax Credit Changes with the New Federal Legislation, the Housing and Economic Recovery Act of 2008 (H.R. 3221). The passed legislation boosted the 2008 allocation by 10%. The funds could be used in 2008 or carried over to the 2009 year. Staff plans to have a public hearing to initiate the conversation of how to utilize these funds. The public hearing will also allow for discussion for the changes to the 2009 Qualified Allocation Plan based on the new legislation. The Board decided the hearing would take place before the next Board meeting in Dillon.

Mat stated Governor Brian Schweitzer signed the 2009 Qualified Allocation Plan. The Plan will require changes based on the new Legislation and that we hope these will not require republication of the entire Plan, but rather amendments or addendums to the Plan.

FINANCE PROGRAM

Chuck Nemec provided the Board with the MBOH Finance update. The staff has been working on closing the 2008 fiscal year. The audited statement should be available by the end of October, 2008.

Bruce Brensdal introduced the Underwriter Review Options. Through the review of the underwriting process, the staff defined another process that the Board needs to address: Risk Tolerance as it relates to Debt Issuance Guidelines. This is how we normally issue bonds and conduct our business; however the Internal Control Documentation needs these guidelines formalized. The Board reviewed the Underwriter Review Options. After discussion, the proposals will be brought back to the Board at the November 2008 Board Meeting unless timing allowed an earlier schedule. The Board agreed the Exparte Communication Policy will be in

effect during this time and to have all correspondence funneled through Chairman Crowley or Bruce.

Bruce asked for clarification on Board interaction with bond underwriters on our finance team and other interested underwriter firms on an on going basis. After discussion the general consensus of members is they strongly encourage participation at Board meetings and activities so all members benefit from any education or exchange of information that is done. They also agreed that individual contact with members outside Board meetings and activities was discouraged for the same reason that all members would not benefit from any exchange of information.

HOMEOWNERSHIP PROGRAM

Nancy provided an update on the Bond Series funds. Chuck Nemec informed the Board of the decision of using Raspberry Funds to finance loans reserved during the timeframe between the exhaustion of recycled funds and reserving mortgages for the new bond issuances. This decision was based on the current interest rate of less than 2% and the home loan interest rate is 6.5%. These funds are operating funds and have been invested in the past at rates approximately 5%. The decision was made to use these funds for the highest yields.

Nancy updated the Board on how the Homeownership Program will be affected by the new Legislation. The new Legislation allows for permanent non-AMT (Alternative Minimum Tax) going forth. The Legislation also has a New Bond Authority which will allow approximately \$97 million will be awarded to Montana for housing. Refinancing will now be allowed through the new Legislation based on the two criteria; loan origination was during an outlined time frame and loan must be adjustable interest rate.

Nancy provided the Board with the Homeownership Program. The staff has sent out the Invitation to Participate to Lenders for the 2008 Homeownership Bond Program. The Delinquency Rate Comparison Report reflects that MBOH's loans are performing very well and the delinquency rate is very low.

GAP Financing Program expired July 31, 2008. Nancy recommended the extension of the GAP Financing Program to December 31, 2009. Betsy Scanlin moved to extend the GAP Financing Program to December 31, 2009. Jeanette McKee seconded the motion. The Chairman asked for comments. The motion was approved unanimously.

Nancy requested allocation of \$500,000 of pre-Ullman funds to the Disabled Access Affordable Housing. Bob Gauthier moved to approve the allocation of \$500,000 of pre-Ullman funds to the Disabled Access Affordable Housing Program. Jeff Rupp seconded the motion. The Chairman asked for comments. The motion passed unanimously.

EXECUTIVE DIRECTOR

Bruce Brensdaal provided information regarding the NCSHA Annual Conference. This conference will be held October 25-28, 2008.

Bruce spoke to the Board regarding the electronic communications for the Board members. Options for security of emailing include setting up a State email account or an email account through an online service which stores emails on their server.

Bruce informed the Board of the letter sent to Senator Max Baucus, thanking him for the support on Housing issues.

Bruce updated the Board on hiring Attorney Carey Matovich of Matovich & Keller PC to represent the Board in the lawsuit against the Board by Travois.

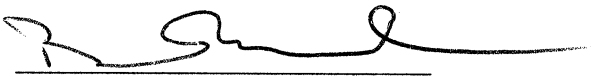
Penny Cope gave an updated on the Housing Locator website which will go live within the next week. There are 3,000 units listed on the system; however, there are only 200 vacant units at current. The goal was to have 1,000 vacant units before going live, but this is not going to be attainable and indicates the need for housing in Montana.

Penny gave an update on the Housing Coordinating Team workgroups. The Infrastructure and Housing work groups met on August 7, 2008 to discuss specific problem areas and to deliver a list of proposed solutions to Bruce Brensdal and the HCT. The Infrastructure workgroup came up with five solutions: 1) Tax Increment Financing, 2) Communities need the ability to donate land that would be used for permanent affordable housing, 3) TSEP, 4) Fix existing infrastructure, which is nearing the end of its lifespan, and add new infrastructure at the same time for efficiency, 5) Impact Fees. The Housing workgroup came up with nine solutions: 1) Manufactured Housing, 2) CTAP and Technical Assistance, 3) Preservation of existing affordable housing, 4) Student-built housing, 5) Workforce housing, 6) Land Banking, 7) Land Trusts, Resident-owned Communities (ROC), Cooperatives, Taxes, 8) Building codes, zoning, subdivision laws, 9) Utility-company financed Conservation Projects, housing related. The HCT will continue to keep the Board informed.

The Board was provided with a HUD 184 training session.

The Board placed a call to RBC Capital Markets at 12:35 p.m. to discuss the preliminary bond sale. The rates were confirmed and a market update was given. A teleconference meeting will be held on August 14, 2008 at 9:00 a.m. to adopt the resolution.

The meeting adjourned at 1:00 p.m.


for Susan Moyer, Secretary

9.8.08
Date